

**Final Statement of Reasons for  
Adoption of Proposed Amendments to California Code of Regulations,  
Title 18, Section 1685.5, *Calculation of Estimated Use Tax - Use Tax Table***

Update of Information in the Initial Statement of Reasons

The factual basis, specific purpose, and necessity for, the problem to be addressed by, and the anticipated benefits from the proposed amendments to California Code of Regulations, title 18, section (Regulation) 1685.5, *Calculation of Estimated Use Tax - Use Tax Table*, are the same as provided in the initial statement of reasons.

The adoption of the proposed amendments to Regulation 1685.5 was not mandated by federal law or regulations and there is no federal regulation that is identical to Regulation 1685.5.

The State Board of Equalization (Board) did not rely on any data or any technical, theoretical, or empirical study, report, or similar document in proposing or adopting the amendments to Regulation 1685.5 that was not identified in the initial statement of reasons, or which was otherwise not identified or made available for public review prior to the close of the public comment period.

In addition, the factual basis has not changed for the Board's initial determination that the proposed regulatory action will not have a significant adverse economic impact on business and the Board's economic impact analysis, which determined that the Board's proposed regulatory action:

- Will neither create nor eliminate jobs in the State of California;
- Nor result in the elimination of existing businesses;
- Nor create or expand business in the State of California; and
- Will not affect the health and welfare of California residents, worker safety, or the state's environment.

The proposed amendments may affect small business.

No Mandate on Local Agencies or School Districts

The Board has determined that the adoption of the proposed amendments to Regulation 1685.5 does not impose a mandate on local agencies or school districts.

Public Comments

The Board did not receive any written comments specifically objecting to or recommending changes to the proposed amendments to Regulation 1685.5 and no interested parties appeared at the public hearing on April 24, 2013. However, on March 8, 2013, Board staff received an email from one interested party with the subject line "Adjusted Use Tax" that simply said "What a ridiculous idea!" without any further elaboration. Also, on March 11, 2013, Board staff received an email from another

interested party who inquired as to whether the proposed amendments would affect export businesses. Board staff responded to the March 11, 2013, email and explained that staff does not believe that the proposed amendments will affect export businesses because the proposed amendments will not impose any new sales or use taxes or repeal any existing tax exemptions or exclusions, and the Board's use tax tables may not be used to estimate use tax liabilities for business purchases. Board staff did not respond to the March 9, 2013, email, but the Board continues to believe that the proposed amendments to Regulation 1685.5 are reasonably necessary to ensure that the Board's future calculations of estimated use tax are as accurate as possible.

#### Determinations Regarding Alternatives

By its motion, the Board determined that no alternative to the proposed amendments to Regulation 1685.5 would be more effective in carrying out the purposes for which the amendments are proposed, would be as effective and less burdensome to affected private persons than the adopted amendments, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law.

Further, the Board did not reject any reasonable alternatives to the proposed amendments to Regulation 1685.5 that would lessen any adverse impact the proposed amendments may have on small business or that would be less burdensome and equally effective in achieving the purposes of the proposed amendments. No reasonable alternative has been identified and brought to the Board's attention that would lessen any adverse impact the proposed action may have on small business, be more effective in carrying out the purposes for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law than the proposed action.

Furthermore, the Board anticipates that the proposed amendments will promote fairness and generally encourage consumers to use the Board's use tax tables by ensuring that eligible consumers' estimated use tax liabilities are as accurate as possible.